

Alabama Student Loan Program — KHEAA

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KHEAA helps college students save money on student loans

Montgomery, Ala. (February 18, 2004) — Alabama students who take out Federal Stafford Loans to help pay college expenses can save more money if they use a lender that guarantees its loans through the Alabama Student Loan Program–KHEAA.

As a guarantor, KHEAA can charge up to 1 percent for insuring federal student loans. But KHEAA's board of directors has voted to continue the agency's long-standing practice of not charging the fee, which will save students \$7.5 million in the 2004-2005 school year.

"The board thinks that money could be better used by students to help pay their college expenses," said Dr. Joe L. McCormick, executive director of KHEAA. "With college expenses rising each year, it's another way KHEAA can ease the burden on students and their families. We're glad we can provide this extra help to Alabamians."

The board regularly evaluates whether to charge the insurance fee, based on federal rules that tell the agency how much money it must keep in reserve. KHEAA last charged a guarantee fee in 1996. Since then, students have been able to use an additional \$32 million on college expenses instead of paying guarantee fees.

For more information about student financial aid, visit www.alstudentaid.com; write the Alabama Student Loan Program, 100 North Union Street, Suite 308, Montgomery, AL 36104-3761; or phone 334-265-9720 or toll-free (800) 721-9720.